North Energy Q3 2017

High investment activity and a strong financial position

9 November 2017

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Agenda

- Q3 highlights and subsequent events
- Operational update
- Financial update
- Summary and outlook

Q3 highlights and subsequent events

- **Liquidation of North E&P on track**
  - Decision in July 2017 to discontinue the petroleum activities on NCS
  - Tax return and request for early settlement submitted according to plan
- **Continued high investment activity**
  - Acquisition of shares in Touchstone Exploration
  - Realisation of shares in Phoenix Global Resources
  - Shareholder in Seabird Exploration after restructuring activities
- **A strong financial position**
  - Net cash reported to NOK 71 million, an increase of NOK 25 million from Q2
  - Further cost reductions as a consequence of closing North E&P
  - Tax settlement for 2016 in line with tax return

Agenda

- Q2 highlights and subsequent events
- Operational update
- Financial update
- Summary and outlook

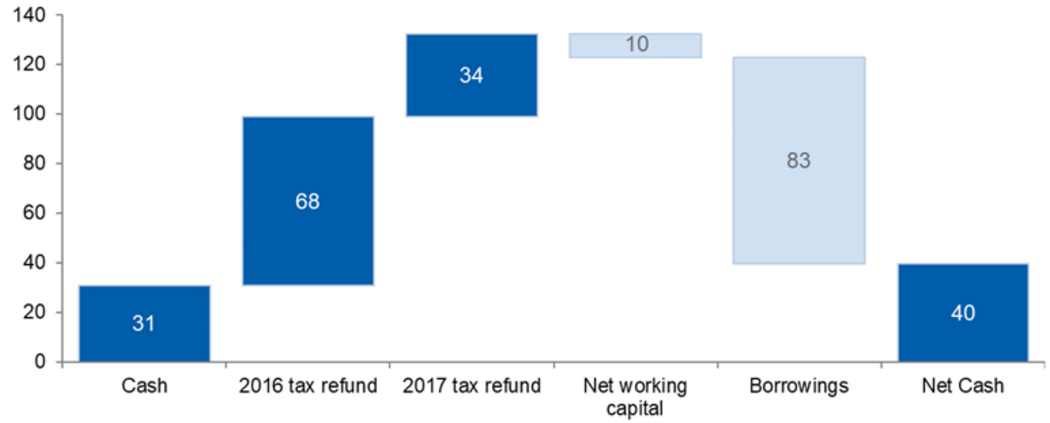
Liquidation of North E&P on track

- **North Energy to seize petroleum activities and liquidate North E&P**
  - Decision made by the Board of Directors 7 July 2017
  - Sale of last licence (PL 805) approved by authorities and transaction completed
- **Tax return from North E&P filed according to plan**
- **Seeking early settlement of North E&P's tax position**
  - NOK 201 million in tax loss carried forward
  - NOK 34 million in tax reimbursement from 2017 exploration expenses as part of the net cash of NOK 40 million
- **Disbursement of North E&Ps tax position requires approval by Norwegian authorities**
  - Date of settlement not defined

Estimated cash from liquidation of North E&P

- **2016 tax refund received**
  - In line with estimates
  - Fully utilised for downpayment of borrowings

North E&P net cash position (MNOK)



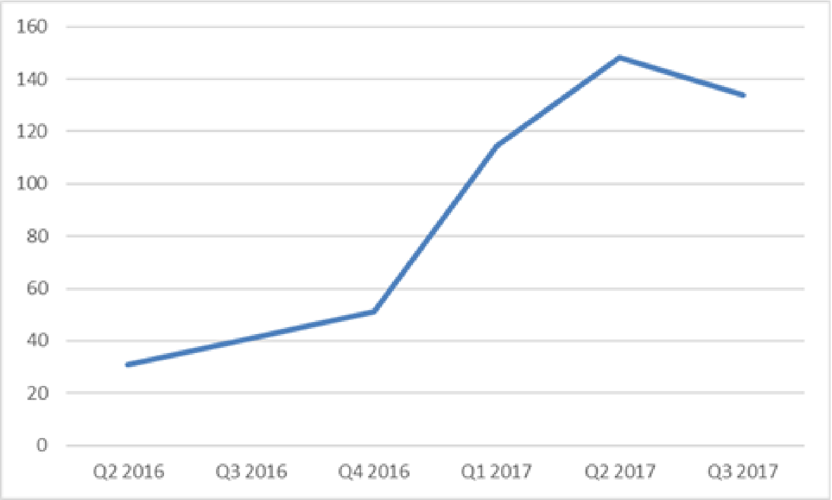
- **Final proceeds from liquidation of North E&P depending on**
  - Provisions for closing cost
  - Final assessment by the Norwegian Oil Taxation Office

Estimated cash from liquidation of North E&P	MNOK
Tax loss carried forward	201
Tax reimbursement from 2017 expl expenses	34
Estimated tax reimbursement	235
Additional net cash in North E&P	6
Total cash from liquidation of North E&P	241

Continued high investment activity

- **Investment in Touchstone Exploration**
  - Listed on TSX and AIM
  - Onshore E&P activities in Trinidad
- **Seabird Exploration (SBX) bonds partly converted to shares**
  - Conversion shares sold in August
  - New shares acquired through private placement in September
- **Realisation of shares in Phoenix Global Resources (PGR)**
  - Received PGR shares as compensation for sale of Interoil bonds (IOX) reported in Q2
  - All PGR shares now sold

North Energy Capital total investments (MNOK)



Sale of PGR shares confirms NOK 45 million gain recorded from sale of Interoil-bonds

- **Original investment of NOK 18 million in IOX bonds**
  - March 2016
- **Consideration in cash and shares in Andes Energia (AEN) from sale of IOX bonds**
  - USD 2 million cash, 7.5 million shares in AEN
  - NOK 45 million gain derived from AEN share price reported in Q2
  - AEN forming Phoenix Global Resources (PGR)
- **Total compensation from sale of IOX bonds of NOK 65 million**

Steady growth in Reach Subsea

- **Executing on growth plan**
  - Expanded to a 6 vessel operation
  - Good utilisation to be expected in Q3, according to company
- **Reach will announce its Q3 report on Tuesday 28 November**
- **North holds 40.6m shares (28.3%) as of today**

REACH SUBSEA

North's position	MNOK
Book value as per 30.06.17	76.6
Impairment reversal in Q3	18.1
Investment in Q3	0.5
Share of Reach result Q2	-3.0
Book value as per 30.09.17	92.2
Market value as per 30.09.17	101.5

Note: Investment in Reach is accounted for as an associated company, and not marked to market. However, if the market value drops below the book value, an impairment test is made.

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Profit & Loss Q3 2017
(North Energy group consolidated)

NOK Million	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016	
Sales of services	1.1		1.1			3rd party
Gain/loss from licence sale	-	-	-	9.5	14.0	
Exploration expenses	(4.4)	(7.2)	(1.9)	(17.5)	(29.1)	Adjustment previously owned licences
Payroll	(1.3)	(8.0)	(17.3)	(34.2)	(32.5)	Provision for closure North E&P (YTD)
Other operating expenses	(7.2)	(7.7)	(21.9)	(32.5)	(40.8)	
EBITDA	**(11.8)**	**(22.9)**	**(39.9)**	**(74.7)**	**(88.3)**	
Depreciation/impairment	(0.2)	(0.6)	(1.2)	(2.0)	(2.6)	
EBIT	**(11.9)**	**(23.5)**	**(41.1)**	**(76.7)**	**(90.9)**	
Net result investment associate	15.1		10.2	-		Accello/Reach investment
Gain from bargain purchase	-	-	-	100.8	100.8	Explora acquisition (2016)
Net financial items	(5.3)	(4.6)	43.4	4.5	(5.8)	
EBT	**(2.1)**	**(28.1)**	**12.4**	**28.6**	**4.2**	
Tax	6.6	12.0	23.4	55.0	76.6	
Net result	**4.5**	**(16.0)**	**35.8**	**83.5**	**80.8**	

Balance Sheet 30 September 2017

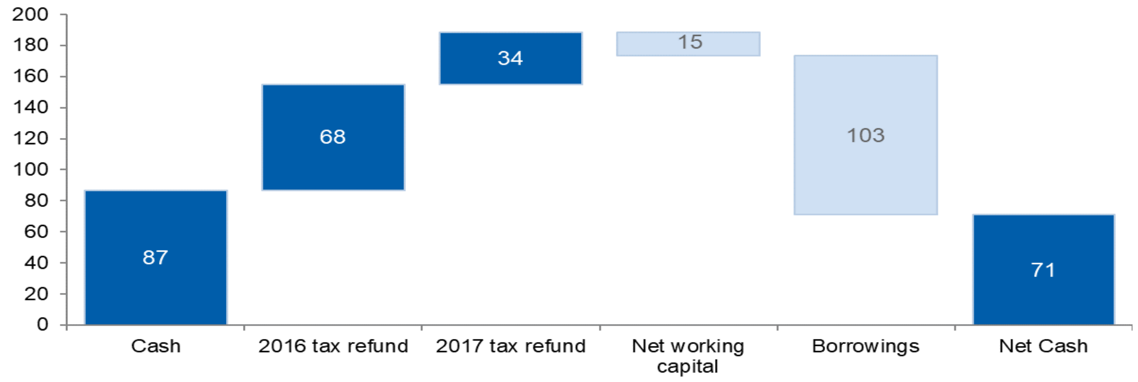
(North Energy group consolidated)

NOK Million	30.09.2017	30.06.2017	31.12.2016	Comments on 30.09.2017
Assets				
Fixed assets	0.1	0.2	1.3	
Deferred tax asset	10.4	213.7	207.3	Mainly deferred tax on LCF ex. E&P
Investments	123.3	148.5	51.3	Shares, bonds, assoc. comp.
Long term receivables	13.5	37.9	2.4	
Short term receivables	306.3	72.9	73.3	Incl. tax refund value expl. expenses
Cash	86.9	36.0	126.5	
Total assets	**540.6**	**509.3**	**462.0**	
Equity and liabilities				
Total equity	400.7	402.8	406.9	Equity share of 74 percent
Long term liabilities	7.5	8.1	-	Shareholder loan Accello
Short term liabilities	132.4	98.4	55.2	Borrowings and other curr. liabilities
Total equity and liabilities	**540.6**	**509.3**	**462.0**	

A comfortable cash position

- **Consolidated net cash position of NOK 71 million**
  - Increase of NOK 25 million from Q2
- **Borrowings includes draw on DNB/SEB exploration facility and Pareto Bank overdraft**
- **Estimated net cash from E&P liquidation not included:**
  - NOK 201 million in tax loss carried forward

North Energy consolidated net cash position (MNOK)

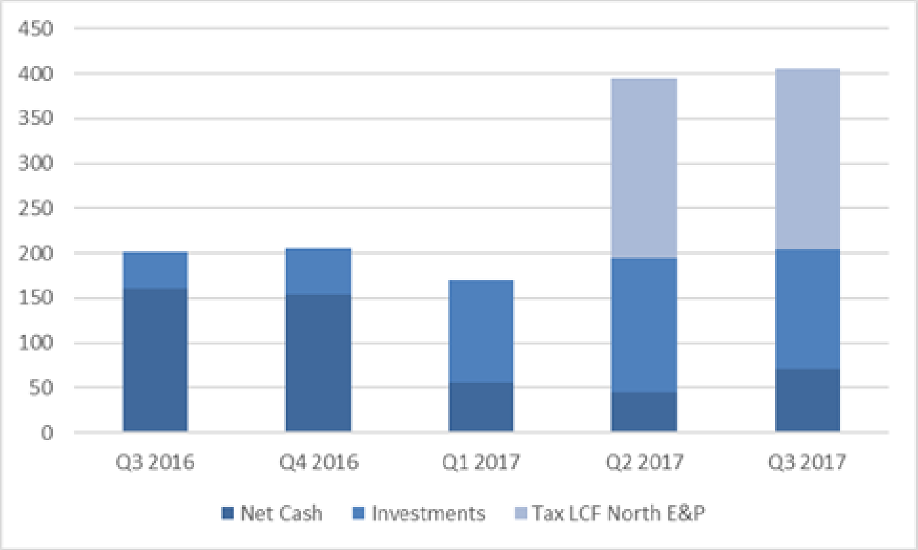


A solid financial position

- Net cash position as per 30 Sept — NOK 71 million
- Investment portfolio as per 30 Sept — NOK 134 million
- Tax losses carried forward from North E&P* — NOK 201 million

** The final proceeds received from the liquidation of North E&P will depend on closing costs, as well as a final assessment by the Norwegian Oil Taxation Office.*

North Energy financial position (MNOK)



Q1 2017:	*Dividend payment of NOK 30 million*
Q2 / Q3 2017:	*Incl Tax LCF following Board resolution from July 2017 terminating exploration business and liquidate North E&P*

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Summary and outlook

- **A comfortable financial position**
  - Significant increase in cash during Q3
  - Cash burn reduced further
- **Liquidation of North E&P on track**
  - Tax return filed
  - Request for early tax settlement submitted
- **Actively pursuing new market opportunities**
  - A more focused company following the liquidation of North E&P
  - A solid financial platform to support new investments

Q & A